

MERGING PROVISIONS OF AB 8 (NUÑEZ) AND SB 48 (PERATA)

Summary of Key Compromises

1. GUARANTEED ISSUE & INDIVIDUAL MANDATE

AB 8

- No individual mandate.
- Individual market: Managed Risk Medical Insurance Board (MRMIB) to create a list of high risk conditions, individuals with those conditions go to high risk pool.
- Linked to AB 2 (Dymally) which restructures and fully funds the high risk pool by a broad assessment on all health plans.
- Guaranteed issue of all other products in the individual market

SB 48

- Individual mandate for individuals above 400% of the federal poverty level unless their share of premium exceeds 5% of family income.
- High risk pool or reinsurance model for individuals under 400% of FPL not subject to the individual mandate with serious medical conditions.
- High risk pool/reinsurance funded by a broad assessment on all health plans.
- Guaranteed issue of all products with some phase in based on the effectiveness of the individual mandate.

COMPROMISE: Guaranteed issue for everyone in the individual market *without* serious medical conditions. High risk pool for individuals with serious medical conditions, funded by a broad assessment on health plans. No individual mandate.

2. AFFORDABILITY

- SB 48 requires MRMIB to ensure that premiums for employees under 300% of FPL in the purchasing pool do not exceed 5% of family income after taking into account tax savings.
- AB 8 does not.

COMPROMISE: Senate Version

3. EFFECTIVE DATE OF PURCHASING POOL AND EMPLOYER FEE

- AB 8: 2009
- SB 48: 2011

COMPROMISE: 2010

4. PREMIUM ASSISTANCE

- AB 8 provides assistance to families and children under 300% of FPL that are offered employer-sponsored insurance by subsidizing their premiums.
- SB 48 does not.

COMPROMISE: Assembly Version

5. MINIMUM EMPLOYER SPENDING REQUIREMENT

- SB 48 gives MRMIB the authority to adjust the employer fee to ensure fiscal solvency.
- AB 8 does not.

COMPROMISE: Senate Version

6. SMALL BUSINESS EXEMPTIONS

- AB 8 contains the following exemptions for small business that:
 - a. Have less than 2 employees;
 - b. Have a payroll of \$100,000 or less; or
 - c. Are in business for 3 years or less
- SB 48 contains no exemptions for small business

COMPROMISE: Senate Version

7. MANDATORY SECTION 125 PLANS

- AB 8 requires all employers to establish Section 125 plans for purposes of sheltering employee health insurance premiums from state and federal tax.
- SB 48 requires employers that opt to pay the fee to establish Section 125 plans.

COMPROMISE: Assembly Version

8. INSURANCE MARKET REFORMS

- AB 8 extends small group rules to mid-size employers with 51-250 employees.
- SB 48 extends the small group rules to mid-size employers with 51 – 199 employees.

COMPROMISE: Assembly Version

- SB 48 phases out the rate bands established in the mid-size group market.
- AB 8 does not.

COMPROMISE: Senate Version

- AB 8 requires MRMIB to create a standardized medical underwriting form for the individual market and requires health plans to offer 3 uniform benefit designs across both the individual and group markets.
- SB 48 does not.

COMPROMISE: Assembly Version.**9. COST CONTAINMENT**

- SB 48 directs MRMIB to ensure that health plans contracting with the purchasing pool use efficient practices to control costs (preventive care, chronic disease management, standardized billing, health lifestyles, etc.). SB 48 requires MRMIB to negotiate with Medi-Cal managed care plans.
- AB 8 does not.

COMPROMISE: Senate Version

- AB 8 requires the Health & Human Services Agency to develop fitness, wellness and health promotion programs; pay for performance standards in all state programs; and best practices standards for treatment of chronic diseases.
- SB 48 does not.

COMPROMISE: Assembly Version**10. REQUIRED EVALUATION**

- AB 8 and SB 48 both require an evaluation on the progress of the Act, but with different required elements.

COMPROMISE: Senate Version**11. TITLE OF THE PURCHASING POOL:**

- SB 48: The Connector
- AB 8 : The California Cooperative Health Insurance Purchasing Program (Cal-CHIPP)

COMPROMISE: Assembly Version